

6(b)(1), 6(b)(2), 6(b)(3), 6(b)(4), 6(b)(5), 6(b)(6), 6(b)(7), and 6(b)(8).<sup>94</sup>

In addition, the Commission finds that the proposal is consistent with the requirements of Section 6(b)(1) of the Act.<sup>95</sup> Section 6(b)(1) requires that an exchange be so organized and have capacity to carry out the purposes of the Act. According to the PCX, all revenue generated by the equities business, including ETP and Equity ASAP fees, specialist fees, tape fees, and transaction fees will accrue to PCX Equities.

Further, the PCX has committed to provide PCX Equities with the resources necessary for it to carry out its delegated responsibilities. The Commission expects that the PCX, as the registered exchange ultimately responsible for compliance with the provisions of the Act, will continue to properly fund its subsidiary for such purposes. In addition, the PCX has committed to provide certain services and facilities to help support PCX Equities' trading operations. These services and facilities and their costs will be specifically defined in an agreement between PCX and PCX Equities. The Commission finds that these provisions should enable PCX Equities to fulfill the requirements imposed by the Act, consistent with the PCX's self-regulatory requirements.

Finally, the Commission finds that the proposal is consistent with Section 6(b)(8) of the Act,<sup>96</sup> which requires that the rules of an exchange not impose any burden on competition not necessary or appropriate in furtherance with the Act. The Commission does not believe that the proposed structure will impose any inappropriate burdens on competition.<sup>97</sup>

## V. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning Amendment Nos. 3–7, including whether the proposed amendments are consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549–0609. Copies of the submission, all

subsequent amendments, all written statements with respect to the proposed amendment that are filed with the Commission, and all written communications relating to the amendment between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the PCX. All submissions should refer to File No. SR-PCX-99-39 and should be submitted by June 2, 2000.

## VI. Conclusion

For the reasons discussed above, the Commission finds that the proposal is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>98</sup> that the proposed rule change (SR-PCX-99-39), as amended, be and hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>99</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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**BILLING CODE 8010-01-M**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42762; File No. SR-PHLX-00-37]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Starting the Automatic Price Improvement Feature and the Mandatory Manual Double-up Double-down Price Protection Feature at (9:30 A.M.)

May 5, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on April 20, 2000, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this

notice to solicit comments on the proposed rule change from interested persons.

### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Phlx proposes to begin the Automatic Price Improvement feature ("API") of the Philadelphia Stock Exchange, Inc. Automatic Communication and Execution ("PACE") System at 9:30 A.M. instead of 9:45 A.M. In addition, the Exchange also proposes to begin the Mandatory Manual Double-up Double-down price protection at 9:30 A.M. instead of 9:45 A.M. The Text of the proposed rule change is available at the Office of the Secretary, the Phlx and at the Commission.

### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

#### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

PACE is the Exchange's automated order routing and execution system on the equity trading floor. The PACE System accepts orders for automatic or manual execution in accordance with the provisions of Phlx Rule 229, which governs the PACE System and defines its parameters. The API feature of the PACE System allows the specialist to voluntarily provide automatic price improvement to market and marketable limit orders to all customers in a security for orders which are 599 shares or less, and when the PACE quote<sup>2</sup> is <sup>3</sup>/<sub>16</sub> or <sup>1</sup>/<sub>8</sub> for greater.<sup>3</sup>

The specialist must provide Mandatory Manual Double-up Double-down price protection where the specialist does not agree to use the API

<sup>2</sup> The PACE quote consists of the best bid/offer among the American, Boston, Cincinnati, Chicago, New York, Pacific and Philadelphia Stock Exchanges. See Phlx Rule 229.

<sup>3</sup> See Phlx Rule 229, Commentary .07(c)(i).

<sup>94</sup> 15 U.S.C. 78f(b)(1) through (b)(8).

<sup>95</sup> 15 U.S.C. 78f(b)(1).

<sup>96</sup> 15 U.S.C. 78f(b)(8).

<sup>97</sup> The Commission notes that this Section 6(b)(8) finding does not extend to all of the Rules proposed to be PCX Equities Rules. As described above, the majority of the Rules intended to become the Rules of PCX Equities were incorporated from the PCX Rules in their entirety without substantive change and were previously subject to Commission review. Thus, the current finding is limited only to those PCX Equities Rules that have been specifically amended to reflect the restructuring.

<sup>98</sup> 15 U.S.C. 78s(b)(2).

<sup>99</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

feature. Specifically, Mandatory Manual Double-up Double-down price protection is used to provide price improvement for those securities that the specialist has determined are not appropriate for the API feature because the security is less liquid or less volatile.<sup>4</sup>

Currently, both the API feature and the Mandatory Manual Double-up Double-down price protection begin at 9:45 A.M. The Exchange proposes to begin both features at 9:30 A.M., when the market generally opens. The PACE timer will be reset to start the API feature fifteen minutes earlier, which should in turn permit those orders that were excluded due to time constraint to receive the benefits of the price improvement through the API feature. The time change for the Mandatory Manual Double-up Double-down price protection will require the specialist to begin the same obligations fifteen minutes earlier. This will allow those stocks which are not subject to automatic price improvement to receive the benefits of Mandatory Manual Double-up Double-down price protection fifteen minutes earlier.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)<sup>5</sup> of the Act, in general, and furthers the objectives of Section 6(b)(5),<sup>6</sup> in particular, in that it is designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, as well as to protect investors and the public interest by enhancing efficiency through automation and providing automatic price improvement to more equity orders.

### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange does not believe that the proposed rule change would impose any inappropriate burden on competition.

### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*

The Exchange has neither solicited nor received written comments on the proposed rule change.

## III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Pursuant to Section 19(b)(3)(A)<sup>7</sup> of the Act and Rule 19b-4(e)(6)<sup>8</sup> thereunder, the proposed rule change has become effective upon filing as it effects a change that: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) by its terms, does not become operative for 30 days from the date of filing, or such shorter time that the Commission may designate if consistent with the protection of investors and the public interest. The Exchange has requested that the Commission accelerate the operative date of the proposal in order for the new 9:30 start time for both the API Feature and the Mandatory Manual Double-up Double-down price protection provision to become operative promptly.

The Commission finds good cause for accelerating the operative date of the proposal as of the date of this notice.<sup>9</sup> The Commission has previously found that both the API Feature and the Mandatory Manual Double-up Double-down price protection provision may enhance intermarket competition and order execution quality on the Exchange.<sup>10</sup> In addition, the Commission previously found that both features should contribute to the maintenance of orderly markets by Phlx specialists because they help to reduce the price variations occurring from trade to trade on low volume.<sup>11</sup> With the current proposal, investors could receive all of these potential benefits at 9:30 when the market opens. The Commission also notes that the original proposal was published for the full comment period, and the Commission received no comments.

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views and

arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552 will be available for inspection and copying in the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-PHLX-00-37 and should be submitted by June 2, 2000.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 00-11919 Filed 5-11-00; 8:45 am]

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## TENNESSEE VALLEY AUTHORITY

### **Paperwork Reduction Act of 1995, as amended by Pub. L. 104-13; Submission for Office of Management and Budget (OMB) Review; Comment Request**

**AGENCY:** Tennessee Valley Authority.

**ACTION:** Submission for Office of Management and Budget (OMB) Review; comment request.

**SUMMARY:** The proposed information collection described below will be submitted to the Office of Management and Budget (OMB) for review, as required by the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35, as amended). The Tennessee Valley Authority is soliciting public comments on this proposed collection as provided by 5 CFR Section 1320.8(d)(1). Requests for information, including copies of the information collection proposed and supporting documentation, should be directed to the Agency Clearance Officer: Wilma H. McCauley, Tennessee Valley Authority, 1101 Market Street (EB 5B).

<sup>4</sup> See Securities Exchange Act Release No. 39548 (January 13, 1998), 63 FR 3596 (January 23, 1998) (order approving API feature and Mandatory Manual Double-up Double-down price protection).

<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4.

<sup>9</sup> For purposes only of accelerating the operative date of this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>10</sup> See *supra*, note 4.

<sup>11</sup> *Id.*

<sup>12</sup> 17 CFR 200.30-3(a)(12).